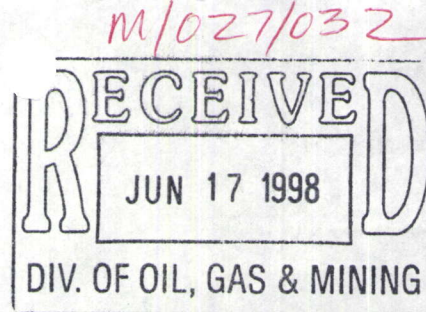


DEXTER L ANDERSON
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FILLMORE, UTAH 84631
Telephone 801 743-6522 days
743-6378 evenings



June 15, 1998

State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple
Suite 1210
Salt Lake City, Utah 84114-5801

Re: Red Dome Mining Claims, M/027/032, Millard County, Utah.

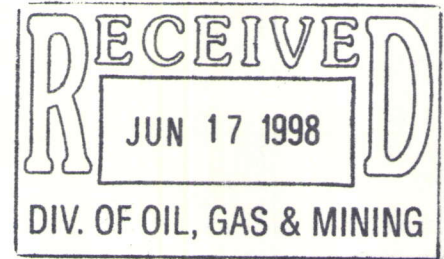
Gentlemen:

I recently mailed the enclosed envelope and letter to you at the last address I had in my file. As you can see, it was returned to me undelivered because of your change of address. I am remailing it to you.

Sincerely yours,


Dexter L. Anderson

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743-6378 evenings



June 1, 1998

State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
355 West Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Re: Red Dome Mining Claims, M/027/032, Millard County, Utah.

Gentlemen:

Will you please refer to your Memorandum to "Minerals File" dated April 29, 1994, by Mr. Travis Jones. On behalf of Red Dome Inc. and the Red Dome Mining Claims, I want to address a concern I have. I recently met with Mr. Tom Monsen from your department, on April 28th, 1998, and Mr. Ron Teseneer, of the Fillmore Office of the Bureau of Land Management at the Red Dome mining site, 5865 W 200 S, Fillmore, Utah 84631. Following that meeting I wrote a letter to Mr. Teseneer, which I want to incorporate into this letter by reference. It is attached hereto for that purpose.

As a result of that meeting, and my further research into the request for a revised or updated "Notice of Intention to Commence Large Mining Operations" for the areas in question, pursuant to the Mining laws of Utah, Title 40, Chapter 8 of the Utah Code Annotated as amended, and the Rules enacted pursuantly thereto, I now question whether or not the Act ever was, or is now applicable to the Red Dome mining operations or the Red Dome Mining Claims.

Section 40-8-4(3)(b) and (8)(b) of the Code and Rule R647-1-106 make it abundantly clear that the Act does not apply to "rock aggregate" mining operations, and never did. Red Dome Inc.'s mining operation is in fact a rock aggregate mining operation. The material is volcanic expanded obsidian material, commonly known as "cinders," though it is obsidian. It is mined from open pits without the removal of overburden or waste material. It is used as naturally found, in its natural form, for its natural characteristics. Some is used as is or pit run, and some is processed through a crushing and screening plant to "size" it into different sizes to meet certain

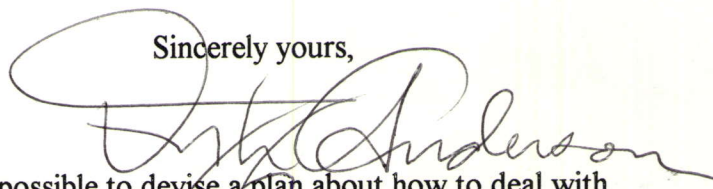
specifications of various users. Occasionally some of the material is hand sorted into size specifications. All of the material mined is used, and there is no left over tailings, waste rock, rejected materials, etc.¹ None of it has ever been, and none is now being, processed in any manner to extract any substance from it. Therefore it appears to me that under any definition of "rock aggregate" Red Dome Inc.'s mining operation on the Red Dome Mining Claims is exempt from the Act and your Rules. As you know sand or gravel mining is also exempt from the Act.

I have done considerable legal research into this question, and have found no cases that directly define the term "rock aggregate" in Utah. The one case that mentions the term, i.e. Larson Limestone Company vs. State of Utah, Division of Oil Gas and Mining, 903 P.2d 429, 274 Utah Adv. Rep. 3, does give some insight. The deciding fact there was that the company had to remove volumes of low grade limestone to extract the high grade limestone which was their quest. Because of that fact, the Supreme Court found the mine to be within the jurisdiction of your Department. It seems clear to me that Red Dome's mining operation and quest are distinguishable from that of Larson Limestone Company's and puts Red Dome's operation squarely within the "rock aggregate" exemption, in that all material mined is used in its natural form, for its natural characteristics as stated above. None of it is removed to get at a high grade material. It is mined, crushed and screened where applicable, in exactly the same way the common sand or gravel mine operates in its quest for sand or gravel which is also used in its natural form for its natural characteristics for various purposes. "[R]ock aggregate" mining is exempt and the term must be given a meaning within the statute in addition to the meanings given to the terms "sand" and "gravel."

I am sure you are reluctant to accept Red Dome Inc.'s operations as being exempt, because of your perceived duty to enforce the provisions of the act as you see it. The possibility that a exemption recognized would detract from your scope of authority would understandably be a concern to you. But may I suggest that you should not be concerned about this operation that is clearly not within the scope of the act as written. I am sure you agree with the recent statement by the Utah Court of Appeals in Brown v. Sandy City Bd. Of Adjustments, 339 Utah Adv. Rep. 13 where the Court said in effect that a common law right of a property owner is, unrestricted use of his property and provisions restricting property uses should be strictly construed and provisions permitting property uses should be liberally construed in favor of the property owner.

While I am not asking you to render an official opinion on the definition of "rock aggregate," as I believe that would be a question for the Court to decide and not within your authority, I am asking you to recognize the plain meaning of the exemption in the case of Red Dome Inc.'s operations on the Red Dome Mining Claims, and cease demanding compliance.

Sincerely yours,



¹This fact is exactly why it is not possible to devise a plan about how to deal with overburden, waste rock, tailings etc. as called for and assumed in your form, "Notice of Intention to Commence Large Mining Operations". The requirements of reclamation are simply not applicable to the Red Dome mining operations.



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April 28, 1998

United States Department of the Interior
Bureau of Land Management
House Range/warm Springs Resource Area
35 East 500 North
Fillmore, Utah 84631

Attention: Mr. Rex Rowley and Mr. Ron Teseneer

Dear Sirs;

I am responding to your letter, dated April 15, 1998 on behalf of Red Dome Inc. As you know, I have met with Mr. Teseneer, once earlier in the year, and again on April 27th and 28th. On the first meeting and again on April 27 I advised Mr. Teseneer that your office records concerning the July 2, 1991 Plan of Operation is out dated or not complete. Red Dome Inc. submitted a revised plan since then to the State of Utah in 1994. Mr. Teseneer and I have reviewed my files to some extent to determine the status of the plan of operation for Red Dome Inc.'s operations under the 1994 submitted plan. From that review it appears to me that Red Dome Inc., the Utah Department of Gas and Mining and the Bureau of Land Management did not follow through on matters or did not communicate well and as a result the plan was not totally finalized. Next on April 28, 1998, apparently Mr. Teseneer met with Mr. Tom Monson of the Utah Department of Gas and Oil and reviewed the State's file on the matter, and I believe, updated your files. Finally Mr. Teseneer, Mr. Monson and I traveled to the Red Dome mining operation on the Red Dome claims for an on-sight inspection. The area or acreage to be included in the Plan of Operation was view and discussed. The bonding requirement for reclamation was discussed and other matters were discussed to the end that a revised and completed plan may be now prepared and approval received.

Mr. Gordon Griffin who is the President and chief officer of Red Dome Inc. will be here in Fillmore on May 6 and 7. At that time he may be able to meet with you in your office to answer any questions or concerns you may have. Will you please advise me if that would be of help to you so I can advise him? In the meantime I will speak with him over the phone and proceed to make arrangements for an acreage determination to be made for the Plan, and take other steps necessary to complete a revised plan. Mr. Griffin may be able to assist when he is here.

In the mean time Red Dome Inc. is requesting an extension of time to complete these matters beyond the time limit specified in your April 15, 1998-letter. I do not know how much time will be needed to gather the required information and complete the Plan of Operation for both the BLM and the State. I would suggest 60 days to be sure time is sufficient to do so if you need a time specific or cut off date.

I appreciate meeting with Mr. Teseneer and Mr. Monson on the 28th. I believe the meeting was productive, interesting and beneficial to all. Thank you for your consideration of this matter.

Sincerely yours,

Dexter L Anderson